

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 PA-01 PRS-01 /080 W
----- 122906

R 301436Z MAY 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 4283

INFO AMEMBASSY BEIRUT POUCH

AMEMBASSY JIDDA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

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EO 11652: NA

TAGS: EAID EG SA

SUBJECT: SAUDI-EGYPTIAN COOPERATION:

REF: CAIRO 9343, 19 NOV 74

1. AGREEMENT FOR ESTABLISHMENT OF JOINT SAUDI-EGYPTIAN RECONSTRUCTION COMPANY, FIRST ANNOUNCED FOLLOWING VISIT TO SAUDI ARABIA BY FORMER PRIMIN HAEHAZY LAST NOVEMBER, WAS SIGNED ON MAY 26 DURING VISIT TO CAIRO OF SAUDI MINISTER OF STATE FOR FINANCES ABA AL KHAYL. CAPTIAL IS \$50 MILLION, EGYPT TO PAY ONE-HALF IN POUNDS, SAUDIS THE OTHER HALF IN HARD CURRENCY. A \$100 MILLION LINE OF CREDIT IS TO BE MADE AVAILABLE FRO FINANCING LOW-COST HOUSING PROJECTS UNDERTAKEN BY COMPANY THROUGHOUT EGYPT EXCEPT FOR THE CANAL AREA.

(COMMENT: RECENT ANNOUNCEMENT OF \$50 MILLION WORTH OF CONSTRUCTION MATERIALS AND \$50 MILLION IN CASH FROM
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SAUDIS APPEARS TO COVER LINE OF CREDIT REFERRED TO ABOVE.)

2. ON SAME OCCASION, ABA AL KHAYL SIGNED ADDITIONAL AGREEMENT ESTABLISHING \$100 MILLION JOINT SAUDI-EGYPTIAN INDUSTRIAL COMPANY, ALSO ANNOUNCED DURING HEGAZY VISIT, WITH 50-50 PARTICIPATION IN HARD CURRENCY. SAUDIS WILL MAKE \$300 MILLION AVAILABLE FOR FINANCING PROJECTS UNDERTAKEN BY COMPANY IN FIELD OF INDUSTRIAL DEVELOPMENT.

3. COMMENT: AGREEMENTS ARE FIRST FORWARD MOTION RELATED TO THESE UNDERTAKINGS SINCE INITIAL ANNOUNCEMENT OF SEVERAL MONTHS AGO, AND PROVIDE INDICATION OF TIME-LAG AFFECTING ASSISTANCE TO EGYPT. FIGURES MENTIONED ABOVE ARE INCLUDED IN EVERYONE'S CALCULATIONS OF ASSISTANCE RECEIVED, ALTHOUGH THEY HAVE YET TO HAVE ANY EFFECT ON EGYPTIAN ECONOMY. ACCORDING TO SAUDI EMBOFF HERE, SAUDIS ARE VERY DISCOURAGED AT LACK OF MOVEMENT AND SLUGGISHNESS OF EGYPTIAN BUREAUCRACY.

SAUDIS ECHO COMMENT MADE RECENTLY BY MANAGING DIRECTOR OF KUWAITI-EGYPTIAN INVESTMENT FUND THAT "OPEN DOOR IS ONLY OPEN AT THE TOPE". ANY EFFORTS AT GETTING THINGS GOING WHICH ARE EXPENDED BELOW THE RANK OF MINISTER ARE WASTED. SAUDIS ARE VERY INTERESTED IN MOVING FORWARD, EMBOFF SAID, AND HAVE BEEN CONTINUOUSLY FRUSTRATED BY GOE'S INABILITY OR UNWILLINGNESS TO RESPOND TO THEIR URGINGS. AS EVERYONE KNOWS - EXCEPT POSSIBLY THE EGYPTIANS-- SAUDI COMPLAINT REPRESENT UNIVERSAL VIEW OF STATE OF AFFAIRS HERE. MAESTRONE

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